

MINUTES OF THE MAY 17, 2022 WORKSHOP OF THE BOARD OF TRUSTEES OF ST. PETERSBURG COLLEGE

The Board of Trustees of St. Petersburg College met on Tuesday, May 17, 2022 at the St. Petersburg College EpiCenter, Collaborative Labs, 13805 58th Street N, Clearwater, Florida. The following Board members were present: Chair Thomas Kidwell and Trustee Nathan Stonecipher. Also present was Tonjua Williams, President of St. Petersburg College and Secretary to the Board of Trustees. Proof of public notice of this meeting is included as part of these minutes. Notices were duly posted.

NOTICE OF MEETING BOARD OF TRUSTEES, ST. PETERSBURG COLLEGE

The Board of Trustees of St. Petersburg College will hold a public meeting to which all persons are invited, commencing at 9:00 a.m. on Tuesday, May 17, 2022 at the St. Petersburg College EpiCenter, Collaborative Labs, 13805 58th Street N, Clearwater, Florida. The meeting will be held for the purpose of considering routine business of the College; however, there are no rules being presented for adoption or amendment at this meeting.

A copy of the agenda may be obtained within seven (7) days of the meeting on the [SPC Board of Trustees website](#) at www.spcollege.edu, or by calling the Board Clerk at (727) 341-3241.

Members of the public are given the opportunity to provide public comment at meetings of the Board of Trustees concerning matters and propositions on the agenda for discussion and Board action. At the Board meeting, in advance of the time for public comment on the agenda, individuals desiring to speak shall submit a registration card to the Board Clerk, Ms. Rebecca Turner, at the staff table. Policy and procedures regarding public comment can be found on the [SPC Board of Trustees website](#) at www.spcollege.edu

If any person wishes to appeal a decision made with respect to any matter considered by the Board, he or she will need a record of the proceedings. It is the obligation of such person to ensure that a verbatim record of the proceedings is made. Section 286.0105, Florida Statutes.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting is asked to advise the agency five business days before the meeting by contacting the Board Clerk at 727-341-3241. If you are planning to attend the meeting and are hearing impaired, please contact the agency five business days before the meeting by calling 727-791-2422 (V/TTY) or 727-474-1907 (VP).

22-043. In accordance with the Administrative Procedure Act, the following Agenda was prepared:

AGENDA

ST. PETERSBURG COLLEGE BOARD OF TRUSTEES
May 17, 2022

SPC EpiCenter (Collaborative Labs)
13805 58th Street N
Clearwater, FL
WORKSHOP

- I. Call to Order Thomas Kidwell
Chair
- II. Facilities Strategic Master Plan Cushman and Wakefield
Consultants
- III. SPC Budget Dr. Hector Lora
Associate Vice President, Budgeting
Ms. Janette Hunt
Vice President, Finance and Business Operations
- IV. Adjournment

22-044. Under Item I, Call to Order

The meeting was convened by Chair Kidwell at 9:00 a.m. The invocation was given by Trustee Stonecipher and was immediately followed by the Pledge of Allegiance.

**Note Special Meeting was postponed due to not having a quorum. **

22-045. Facilities Strategic Master Plan

Dr. Williams welcomed Cushman & Wakefield and partners to present as consultants about facilities recommendations going forward, noting that SPC has expanded through the county with properties it no longer needs. This began pre COVID. How does SPC shrink its footprint and strengthen its output? The presentation is the culmination of six to seven months of work.

Peter Brohoski, Senior Director, Cushman and Wakefield (Washington, D.C. Market) shared that they would go through key findings and into strategic recommendations and a guide for next steps. Enrollment, classification, and facilities have been reviewed. Mr. Brohoski stated that they heard from more than 65 stakeholders: board members, provosts, VPs, students, and boiled it

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down to three categories: curriculum + development outcomes, target market + accessibility (being market responsive, agile as you always have been, reflecting needs of the community), and operation paradigm + financial performance (improve physical assets without incurring more debt). Looking at alternative solutions to integrate all campus solutions as a full portfolio.

Age of buildings: 55% of SPC's portfolio is 55+ years old. You cannot maintain a portfolio adequately that's this old.

Classroom utilization: 44% nationally, SPC is at 28% utilization of classrooms. Best practice is 50-55%. Those occupied are only at 56%. You're over spaced. Or there's not enough demand or flat enrollment. Part of our recommendations have to do with the supply side of space and those old buildings.

Mr. Edward Norwood, Senior Associate at Brailsford & Dunlavey presented the following key findings:

- SPC's goal should remain focused on closing the achievement gap.
- At 28% utilization, SPC should not consider constructing a new building for HEC or other programs. HEC programs can be accommodated in existing SPC locations.
- Many participants emphasized the need for **student access** - e.g. through technology, better public transportation, locations of key programs.
- Research shows that students succeed more on-campus than online, reinforcing the need for SPC to add by subtracting. The College should focus on creating/repurposing spaces that enhance the student experience (regardless of campus) and make students feel at home
- **HEC** Programs do not have to remain locked together. For example, EMS and the dental clinic can be separate. Nursing could be duplicated in two locations (North and South County).
- Facilities and programs at **Allstate** are utilized by other State, Local, and sometimes National entities. However, it is unclear how costs are borne by these outside entities and whether SPC's costs are fully recouped.

Mr. Brenden Kollar, Project Manager at Brailsford and Dulaney shared the Strategic Considerations:

Mr. Kollar shared Core assets which are key to supporting SPC's mission, will be prioritized for asset management. SPC should divest of non-core assets according to both qualitative and quantitative criteria. The Non-core assets cost to renovate is near cost to replace.

He also presented on underutilized/Surplus properties. Cushman and Wakefield categorizes potential surplus assets not only based on value but also according to the ease or complexity of sale.

Tier 1: High value, quick wins

- St. Pete Gibbs Wellness
- Coliseum parking lot
- Health Education Center (HEC)
- Bay Pines
- Veteran SPC

Strategic Projects: High value, complex

- Epicenter
- Epicenter JWB building (nice but inefficient, underutilized, sharing with county which is unfavorable to SPC)
- Allstate Center
- HEC

Recommendations:

1. Divest/sell all tier 1 properties
2. Relocate HEC programs and sell property
3. Move Allstate's programs in main building, keep gun and driving range
4. Implement best practices in classroom scheduling, including centralized scheduling software
5. Proceed with decommissioning older buildings on campus (65+ years old)

HEC:

Recommendations: Transfer all programs/services. Sell land/assets; ground leasing doesn't make sense.

Why? It reduces SPC's real estate footprint, increases SPC's utilization rates. Creates maximum opportunity for private market. Requires renovation of existing assets at other SPC campuses. SPC can use proceeds for long-term reinvestment capital projects.

Estimated timeline: 6-12 months from decision to sell.

Allstate Campus:

More complex. Multiple options.

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Recommendations: Transfer main building programs to different campus, keep current firing and driving range. Bifurcate the land for opportunity for SPC to maintain ownership of those properties or ground lease. Determine exact value.

St. Pete/Gibbs:

Ground lease.

Mr. Stonecipher: What's the difference between the two properties?

Cushman and Wakefield: Maintaining presence at the site and not. For HEC, you can accomplish all your goals at a different location so you don't need to maintain that site. Allstate and Wellness center: there are opportunities for SPC presence. Want to explore the total value to receive.

Cushman and Wakefield: The question to sell or ground lease boils down to: will you ever need the property. If there is indifference to test sale vs. ground lease, you go to market with RFQ process and get investor opinions about the tradeoff. We believe HEC doesn't lend itself to that scenario.

Mr. Stonecipher: And there'll be an analysis of retrofit costs.

CW/Partner speaker: Yes. Value of Allstate and St. Pete: get a good indication of what's going on in the market. Cushman & Wakefield is in the market every day. You want to get a true offer for what the College could get.

Review of value estimates:

Annual operating expense savings. Castaldi report renovation estimate. Value to SPC. Annual ground lease income. Tier 1 properties and strategic projects. Overall message: There's significant value at play by following this plan.

Outcomes of recommended plan:

Mapping to better utilization, creating savings, creating revenue.

Step 1: Divest: That brings you to 34.6%. Decommission buildings: Increases utilization 42%. Increase classroom utilization 3-4% gets you to 46%. Continue to look at the older buildings in portfolio in need of most capital repairs. You can get to 50 and beyond in the next eight years with a careful asset management strategy. Cost to demolish a building is \$6-8/foot.

Mr. Norwood shared how the college can align the recommendations to SPC's mission.

Benefits to SPC mission:

1. Optimizing the utilization rates across SPC's portfolio will allow the College to emphasize specific current and future programs and learning environments to prepare students with skills for local and national industries.

2. Consolidation of assets and campuses/centers will provide SPC the opportunity to provide a comprehensive, cohesive SPC experience across the College's entire portfolio.
3. Consolidation will also provide SPC the opportunity to maximize educational and operational efficiencies with a target of reducing long-term operating costs – real estate management is not core to who SPC is.
4. Selling and divesting of recommended assets will provide SPC additional capital funding to reinvest in remaining assets without taking on additional debt or requesting additional funds from the State. How do we move those programs and where do they go? We reached out to SPC stakeholders:
 - Allstate to St. Pete Gibbs
 - EMS/EMT/Paramedic to Seminole
 - Line worker program to Midtown

Dr. Williams asked if it would be difficult if we couldn't move the line worker program and it stayed at Allstate?

Mr. Kollar responded that it depends on how we bifurcate the properties for private market. We've heard it's an opportunity to move it over to Midtown

Mr. Kollar also mentioned in regards to Allstate they would look at moving the firing range if we find a great future partnership. The driving range is a little harder just looking at a space location, but would be open to other opportunities. Allstate site itself is very valuable, so maximize investment from private market. But not at risk of losing valuable assets like the firing and driving ranges.

Mr. Norwood also cited that each lane of the firing range costs between \$1M to \$1.25M to build a new firing range. There are some local partners you can rent space from. It is recommended that to construct a new facility would not be in SPC's best interest.

Mr. Kollar stated that the Allstate Center is very old facility. Will be very capital-intensive to maintain as a 65+ year old building.

Mr. Kollar shared next the recommendation for the Health Education Center. Looking at the reinvestment cost, it is approximately \$21M. Recommending relocating HEC programs across multiple campuses; locate Nursing in Central and South county.

- Nursing & Surgical Tech to St. Pete Gibbs and Clearwater
- Physical therapy, radiography, respiratory therapy: to Clearwater
- Dental to Seminole
- O&P program, funeral arts program to Tarpon campus

HEC is some highly specialized spaces. Need to look at costs for renovating, but you have the space available to you.

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- EPI Sustainability Program to Seminole
- EPI Cisco Network & Computer Repair to Clearwater
- Bay Pines to St. Pete Gibbs
- Vet Tech to Seminole

Mr. Kollar referred to next steps:

Sell/ground lease tier 1 assets. Address the Vet Tech, Bay Pines easements and covenants. Source an academic programmer/space planner who can interview the drivers/stakeholders of the programs to determine the exact needs and how they would fit elsewhere.

- Invest in centralized classroom scheduling programs. Recommend evaluating all of the partner leases. The JWB building, \$7.05 for 99 years is what the county pays for use of that building. SPC picks up all of the capital costs and the shortfall of annual operative expenses of that facility.
- Begin Strategic Projects (Allstate and HEC) to sell/ground lease terms, would allow ample time for SPC to relocate programs.
- Create asset management and decommissioning plan for older buildings.
- Keep going with implementation of asset management. As need for classroom space dictates.

Mr. Norwood shared that with the asset management plan it shows conditions, deteriorations, amortizations, revenues. 50-75 different iterations to think through assets for new construction, renovation, demolition, etc.

Ongoing:

Mr. Brohoski stated that when looking at SPC's portfolio, SPC is in the red category with facilities on a green, yellow, red scale.

Chair Kidwell asked what have we done in the past. This is what we wanted to see. It's comprehensive. Have we ever undertaken anything like this before?

Dr. Williams: We kept building and added more we did not need. I don't have any history of us doing something like this or putting a plan in place. What was laid before us today was current condition along with recommendations for what to do.

Mr. Brohoski stated that Public institutions are good at owning facilities the first 10 years, then poor at maintaining them because of the nature of what you can and can't do. SPC must fund the

projects from annual appropriations, competing with other interests. You're not alone in this category.

In the Florida College System alone, Broward College consolidated downtown campus because the need was greater elsewhere, entered a ground lease with a private developer and have a 99-year lease. There's a lot of precedent for public institutions looking to consolidate and reduce costs.

Ms. Janette Hunt, Vice President, Finance and Business Operations stated that for higher education, this is fairly new with exception of Miami Dade. It's been a build attitude and hold. I had a conversation yesterday with another college asking how they're managing through this. With regards to Deferred maintenance, for three years we didn't receive sum of digit dollars to maintain deferred maintenance. It was funded by capital improvement fees, which is based on enrollment. Being able to maintain it becomes harder and harder over the years when the funding changes.

Mr. Stonecipher mentioned that the demand for this changed 10 years ago, we're behind the curve. I talked with Brian Miles years ago about this and it's great that it's being done. Enrollment started to go down 10 years ago. This is step 30 of this whole path we've been down the last six years since I've been here. What this will do is create efficiency we talk about in everything we do. We need efficiency at all levels, not just classroom. Fewer real estate assets to care for allows us to invest more in technology, making space and online experience better. This is a great first step. Now the work gets really hard. We need to determine our best path forward. There were a lot of people involved from SPC to this point. Who has seen this proposal, the provosts?

Dr. Williams said that they have been involved, but we're bringing this report to the trustees first for feedback. When you all receive this, it's a recommendation. We're at a point at the institution where the choice is clear. We have to change. Need to be more efficient and calculated. More innovative and creative. Before we say no, we need to learn how to say yes, and this is how we can do it. We're used to being property managers. We need to streamline. At the end of the day, we need to fill the facilities with students, community members, employees. That's how students are succeeding: The college experience and being face to face in many ways. Online is great. But its success is not great. We must figure out how to make online as good as on campus.

Mr. Stonecipher declared that we should bring more people on campus with a nicer environment.

Dr. Williams stated that we need to shrink our footprint and increase experience. We don't want classes with just two students. This is our opportunity to create the next level of SPC. We're not the first, won't be the last. If we don't, we won't be here. We'll just be property managers, not growing. Students need a vibrant campus, activities, access to support, to see folks. We can't be all over the county to make that happen. Yes, it will be disruptive, uncomfortable, and we have to learn to get comfortable with being uncomfortable. COVID taught us that. It's time to make that move. We brought this to the board of trustees for your recommendations, to be sure your concerns are addressed.

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Chair Kidwell asked what do the provosts think when they look at these arrows pointing to their campus? You don't have to say it now, but I'd like input about if you think it looks doable, how stressful you think it'll be, do you shudder at this or think it looks great and agree we need to do it? Your input is important because you're ground zero every day.

Dr. Williams stated that it's uncomfortable for them to answer this in this room. The Deans and Provosts have been intricately involved, along with other cabinet members. The provosts have weighed in on their concerns. They're not afraid of speaking up; Deans either. The people who may have further concerns will be on the academic side of programs moving. Any provost or dean not involved in this room? Did you feel like you could be honest and open?

Ms. Hunt stated that Yes, Deans, Provosts and other stakeholders were involved. When it comes to these particular slides: what was shared was the moves as far as programs to campuses. This is phase 1. The initial recommendations based on the math and where space is. The next phase is where a lot of the work comes in. Provosts and Deans will be more involved.

Mr. Stonecipher stated that we'll still look at where things belong and how much will it cost. There's a lot more to do, this is a great start. Lots of conversation around it.

Mr. Brohoski stated that the word "move" is very mundane. This is a chance to hit the reset button. This is the springboard to new spaces.

Dr. Jamelle Conner, Vice President, Student Affairs shared that the with Dr. Vittetoe's, former Provost, Clearwater campus, recent retirement, we did not backfill that position and reorganized the Provost in anticipation of this. As Janet mentioned, the work we'll do now is look at spaces and does the program they recommend to go to this campus, does that still logistically make sense? Where do they align best? But provosts are on board with where the college is going with this.

Dr. Williams confirmed that this is a perfect time for us because we're working on meeting state standards for programs. What programs the state will supplement, what they won't. It gives us an opportunity to create and innovate how we do programming, what, how and where we offer.

Mr. Stonecipher stated the reality is if we truly want to be good partners with our county and with the cities that that make up Pinellas, having land underutilized in this dense county isn't being a good partner. This will help build those relationships. Trying to make everything better, not just for SPC, but the region.

Chair Kidwell stated the presenters mentioned University of Missouri having great success, that makes me feel really good. We may be on the cutting edge of doing something no other state college has done other than Miami Dade. We could be on the leading edge to get continued advantage in the state college system.

Dr. Williams shared that a lot of college presidents are having this conversation. It's space utilization and need. Consolidating and using those resources for other capital improvement initiatives. Bring state of the art buildings and space. Our older facilities can't be retrofitted. We

have buildings that we have retrofitted to the max. With HEC, there's nothing to do but flatlining it and moving on. Being able to consolidate and use those resources to innovate and create more exciting and state of the art resources that will help our students succeed is going to be critical. Trustees, do you have any concerns about the facility recommendations shared, selling tier 1 properties minus the two that may have some issues we need to look at? And tier 2 where we talk about selling or leasing Allstate and HEC?

Mr. Koller added potentially ground leasing the wellness.

Mr. Stonecipher shared that he did not but there will be more questions and things to think through.

Dr. Williams: Perfect. Anything from the audience you want to comment on or questions?

Dr. Carver, Provost, Downtown/Midtown Center. Thank you. This is exciting. Dr. Williams, I know you've been in HEC building a lot of years. This puts us in a competitive position. Private institutions have gotten into this market. We have a great maintenance team, but HEC building has outlived its life. I'm excited to see the momentum.

22-046. Under Item SPC Budget

Dr. Hector Lora shared:

- FY 2022-23 fund/capital outlay fund: Decrease \$1.7M due to declining enrollment. \$75.7M available this year
- \$2.7M for bonds payable
- Major construction projects: \$5.8M including Tarpon Workforce Center, IT, infrastructure
- College wide infrastructure and renovations: \$56.9M

Janet: \$47M for deferred maintenance is funded by federal dollars. State must receive it first before we can begin. They anticipate October, November then it takes a while for colleges to draw down so can't start until December or January.

Dr. Lora: We haven't received that in the last three to four years.

- Contingency: \$7.2M
- Existing project and misc expenses: \$2.2M
- Internal construction personnel: \$959K

Janet: The bond was refinanced in 2021.

Dr. Lora presented functional expenditures:

- Accounting manual for Florida's college system: \$3.8M in materials and supplies. Now we're looking at what is and isn't working. You can allocate that to instructional or administrative.

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- Cost analysis expenditure by function: This allows us to benchmark our allocation
- Functional expenditures as of 4/29/22: FY 21-22: Direct instruction highest at 43%
- FCS benchmark: Most up 1% from 21-22, but institutional support remains same, plant operations down 2%

Janet: The institutional support where FCS average is 18%, SPC is at 14%. In Tallahassee, they'll look at the cost analysis and point that line item out.

Dr. Lora: Since 2018, SPC continued to align financial resources to enhance student success. This is a clear example of that.

- Analysis-benchmark categories: SPC is within the range for salaries and benefits (76%), current expenses (23%), and capital expenses (1%)
- Carry forward spending plan: 9/14/21 board approved use of \$21M for spending plan. Paid off Allstate chiller. FY 22-23 included \$4.7M. Provided example of how that \$4.7M will be distributed.

Janet: The 7% benchmark we're required to meet for reserve, submitted plan to state 10/1 the one you saw in September, that plan was \$22.8M and we had categories we would focus those dollars on. By June 30, \$6M will have been used.

Dr. Lora continued: We reimagined SPC by assessing our resources. Primary reserve ratio is at 51%. Next steps: 1) to invest in our resources to maximize our productivity. 2) Major resources: capital assets and personnel.

- Revenue FY 22-23: 55% from state funding. Total revenue in 22-23 is expected at 14% over 21-22. But remember enrollment continues to decline.
- 14% increase over last year for state funding
- Other revenues: \$6.5M from loss of revenue
- We need to invest in our resources. Keep in mind impact of study by Evergreen and mandated spending plan.

Expenses:

- FY 22-23: Expense margins remain same as last year
- Instructional increased about 15%. Administration increased 13%. So total operating expenses up 14%.
- College wide expenses FY22-23: \$10M in the budget to offset changes we'll make. 1% increase in the FRS. We must show the state we're making progress with the funds. Health insurance increase 3%. We don't know what will happen with FRS effect in the next few years. Health insurance: We're part of the consortium. We're looking at alternatives.

Mr. Stonecipher: Can we get a breakdown of total actual budget 21-22 vs. proposed 22-23?

Dr. Lora: Yes.

Dr. Williams: A side by side.

Dr. Lora: Yes. At the end of June, because it'll all depend on the transfer, the \$4.6M.

Mr. Stonecipher: Yes, include it all. I want to dig into this more. It all hinges on what happens with the state budget and governor's office. We appreciate your time into this each year, especially with so many question marks surrounding what's actually coming in. Great information, different layout than before, I like it. Just need time to digest it.

Dr. Williams: We've been in this situation before where we didn't have the actuals, and we approved the budget saying we would adjust accordingly.

Mr. Stonecipher: And we'll reach out if there's any other breakdown we want to see.

Janet: Two major differences in this year vs. proposed: 1) Compensation. A lot of other state colleges are having the same issue. We must be competitive. 2) The spending plan which you'll see when we come back in September.

Mr. Stonecipher: Has there been discussion with what's been going on in the economy since December, has Department of Education reassessed where we end up if we do enter a recession? Will student enrollment increase like in 2008-09? Or is it too early?

Dr. Williams: No discussion of enrollment increasing. Don't know if we'll see that play out again where it's recession, they go back to school. There's much more entrepreneurship and people aren't flooding the institutions. But state presidents have talked about bringing on better programming to meet workforce needs, not legacy programs. We've discussed unique ways to offer education differently.

Mr. Stonecipher: At least not decreasing would be nice.

Dr. Williams: The major conversation at Council of Presidents has focused on creating a funding model. And the Great Resignation concerns, how community colleges must do a better job at employee retention. We're right on that line performing the compensation study. We've also had conversation about the roles and what jobs are still needed in higher education and what's missing.

Dr. Lora: Tell me something you purchased 10 years ago you can buy today with same money. A class at SPC. That's our selling point. That's ROI. That's important to keep in mind. Chronicle of Higher Education has great information about that. Our space utilization, becoming more efficient, will help us to move on. And your people. That's your other biggest asset. Some have been here 10-15 years, don't lose them to the competition. It's not just higher education. It's private market. And we're public market. It's hard to compete with the perks they offer. Thank you to everyone who worked on this budget system.

Dr. Williams: We need to look at the definition of enrollment. It's recruitment and retention. Also includes more than credit-based programs. But we're funded on credit-based programs. With rapid credential non-credit programs, SPC is killing the game, but it's not part of the funding formula. Students are shifting from liberal arts AA to something quicker to make high wage pay before moving onto the credit side. Our enrollment has shifted. Paid enrollment by

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state has declined, but overall movement to students taking short term trainings to upskill and reskill, that's through the roof. I hope, in the new funding formula with the state, that gets included. A student is a student is a student.

Mr. Stonecipher: I might want a one-on-one meeting before we all meet in June. I'll let Rebecca know. Maybe other board members will want to, as well.

Speaker: Private sector is poaching our people. We can't ever match them dollar for dollar, but benefits can match. We're still the best show in town for benefits, days off. I don't think we need to get dollar for dollar, but at least a competitive rate. We must build on our benefits. People don't really want to leave. There's the Great Resignation, and then there's the great regret happening too. I monitor those things from an HR perspective. Please consider that too.

XII. ADJOURNMENT

Having no further business to come before the Board, Chair Kidwell adjourned the meeting at 10:49 a.m.

Tonjua Williams, Ph.D.
Secretary, Board of Trustees
St. Petersburg College
FLORIDA

Thomas Kidwell
Chairman, Board of Trustees
St. Petersburg College
FLORIDA

Attachments
Board Memos and
Supplemental
Materials

Board of Trustees Meeting
May 17, 2022

SPC St. Petersburg College

CUSHMAN & WAKEFIELD Board of Trustees Meeting

May 17, 2022

Presented by
Cushman & Wakefield



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2. Key Findings

3. Strategic Considerations

4. Recommendations

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PROJECT APPROACH

1 PROJECT APPROACH



The purpose of this initiative was to analyze SPC's real estate portfolio in order to optimize asset and space utilization to better serve its academic mission, increase efficiency, and reduce costs. A key objective of this effort was to identify those assets which should be considered for future investment and growth and those which should be considered for consolidation or exit.

This initiative generally comprised the following steps:

- Analyzed SPC's Owned and Leased Inventory, including land
- Examine core SPC assets and analyze utilization, deferred maintenance, and overall efficiency
- Align Real Estate Demand/Utilization With Mission/Goals
- Identify Surplus Assets as Candidates for divestiture/monetization
- Develop a strategic plan including recommendations for implementation
- Execute implementation plan
 - Asset monetization
 - Strategies for constructing new facilities

Strategic Framework



Curriculum + Developmental Outcomes

SPC should emphasize **specific programs** that **prepare students** with the knowledge and skills **needed in local and national industries**

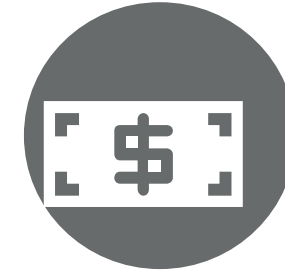
SPC should continue its focus on **student development** through active academic support systems, which are delivered in a **formalized in-person or online learning environment**



Target Market + Accessibility

Continue to offer a local **market-responsive curriculum** with **online and in-person opportunities** to capitalize on current market conditions

Facilities should be **designed, built, configured, staffed, and operated** to **optimize financial performance and programming** that create a **common student experience** on each campus.



Operation Paradigm + Financial Performance

SPC will **leverage financial capacities of current assets and potential third-party partners**, while limiting exposure to additional liabilities, to **optimize its real estate portfolio and generate additional revenues** while remaining true to its mission and purpose

Integration of campus systems should be seen as an opportunity to better serve student and community needs while also **maximizing efficiencies and reducing long-term operating costs**: SPC is not interested in real estate management

Along the way, the C&W team met with 65+ SPC stakeholders including Provosts and Deans

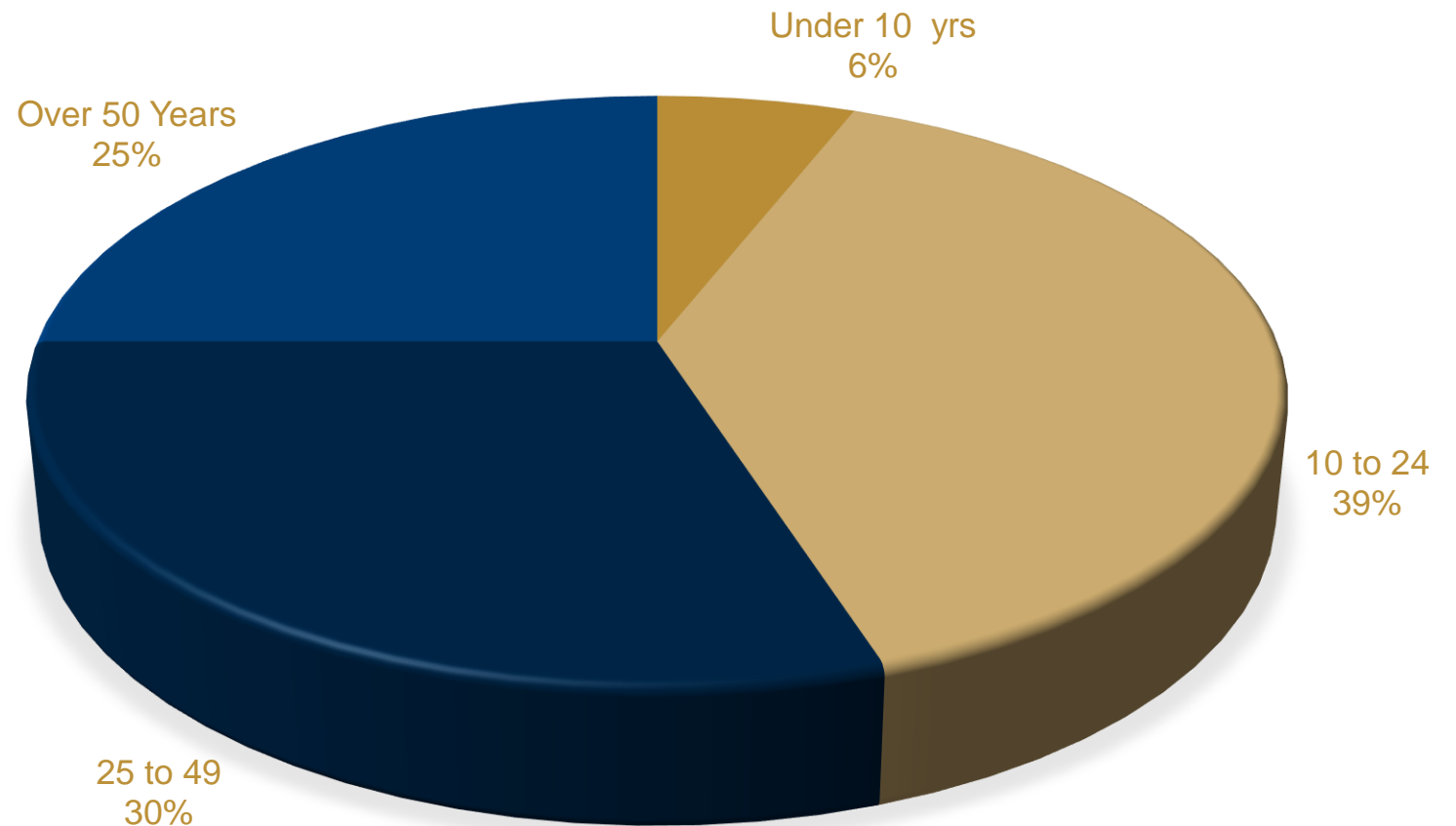
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KEY FINDINGS

Building Age:

- Based on original inspection date, **55% of the buildings owned by SPC are 25 years or older. 25% of its portfolio is over 50 years.**
- All portable/modular buildings are past their useful life with exception of modular buildings located at the Seminole Campus.
- Although life cycles of buildings are typically calculated over 50 years, major capital expenses should be expected at 25-year construction cycles. An aging building portfolio signifies the need to update building infrastructure to prevent premature failure and reliability of systems.

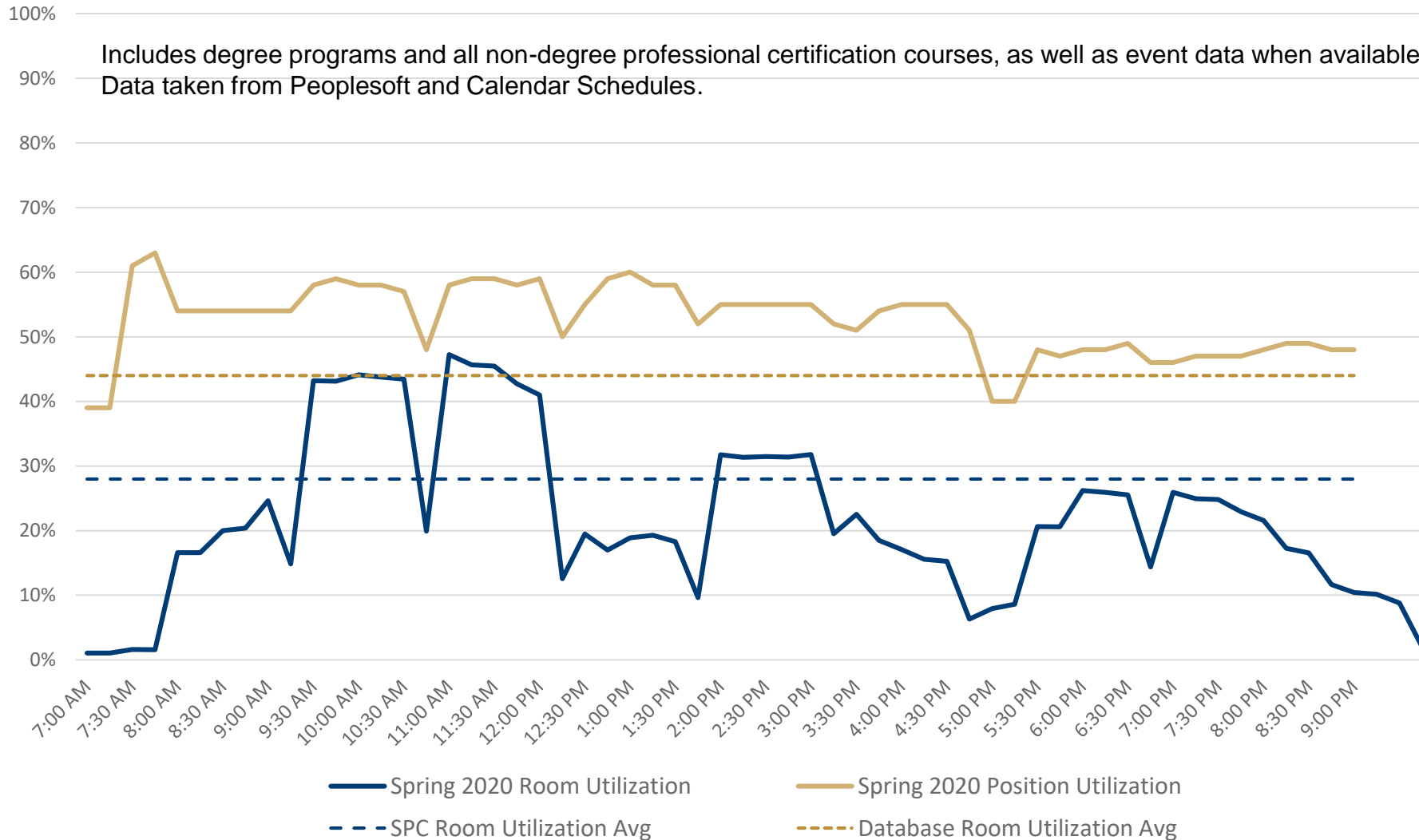
Age of Buildings
(Based on Original Inspection Date)



2 KEY FINDINGS

SPC Room Utilization falls below database average

Spring 2020 Room & Position Utilization



28%

Room Utilization Avg.

9AM - 5PM

56%

Position Utilization Avg.

9AM - 5PM

Room Utilization:

What percentage of these rooms are being used at any given time?

Position Utilization:

What percentage of available seats are occupied within each utilized room at any given time?

Key Findings:

- SPC's goal should remain focused on closing the achievement gap.
- At 28% utilization, SPC should not consider constructing a new building for HEC or other programs. HEC programs can be accommodated in existing SPC locations.
- Many participants emphasized the need for **student access** - e.g. through technology, better public transportation, locations of key programs.
- Research shows that students succeed more on-campus than online, reinforcing the need for SPC to add by subtracting. The College should focus on creating/repurposing spaces that enhance the student experience (regardless of campus) and make students feel at home
- **HEC** Programs do not have to remain locked together. For example, EMS and the dental clinic can be separate. Nursing could be duplicated in two locations (North and South County).
- Facilities and programs at **Allstate** are utilized by other State, Local, and sometimes National entities. However, it is unclear how costs are borne by these outside entities and whether SPC's costs are fully recouped.

3

STRATEGIC
CONSIDERATIONS

3 STRATEGIC CONSIDERATIONS

Strategy For Core vs Non-core Assets:

Defining SPC's real estate footprint will drive the appropriate strategy for core and non-core assets. Core assets which are key to supporting SPC's mission, will be prioritized for asset management. SPC should divest of non-core assets according to both qualitative and quantitative criteria.



3 STRATEGIC CONSIDERATIONS

Underutilized / Surplus Properties:

C&W categorizes potential surplus assets not only based on value but also according to the ease or complexity of sale.

REVENUE GENERATION/COST SAVINGS

High

Low

PRIORITIZATION MATRIX

		<u>Tier One</u>	<u>Strategic Projects</u>
		High-value quick wins Short-term payback Minimal Operational Disruption	High-value, complex Longer-term payback Larger Operational Disruption
		<u>Small Wins</u>	<u>Proceed With Caution</u>
		Low-value, quick wins Immediate payback Minimal Operational Disruption	Low-value, complex Longer-term payback Larger Operational Disruption

Low

High

COMPLEXITY LEVEL



STRATEGIC CONSIDERATIONS



Underutilized/Surplus Properties

	BUILDING/SITE	COMMENTS
Tier One	St. Pete Gibbs Wellness Center	Building in need of capital repairs, no longer supports SPC programs/functions
	Coliseum Parking Lot	Vacant land next to SPC Epi Center. No plans to be developed by SPC.
	Health Education Center (Annex)	Building in need of capital repairs, no longer supports SPC programs/functions
	Bay Pines	Bay Pines only has 3 classrooms and labs which are only utilized at 7% of capacity. This building is lightly utilized and therefore represents unnecessary cost to SPC
	Vet Tech	Vet Tech has 3 classrooms/labs that are utilized at 36% capacity, above the portfolio average of 28%. However, SPC is considering the program to be outside its core mission.
Strategic Projects	EpiCenter (excluding Services building)	This building is in good condition and the interiors are fit out well. The classrooms are not well utilized and the space in general is inefficient. SPC also leases space to Pinellas County at rates that only cover building operating costs.
	EpiCenter JWB Building	JWB pays SPC a state legislature set rate of \$7.05 per year for a 99 year ground lease. SPC is responsible for maintenance.
	All State Center	Main buildings in need of capital repairs. Some programs appear to be non-core for SPC's mission. Land represents significant market value.
	Health Education Center (HEC)	HEC Building is in need of capital repairs and is functionally obsolete for some HEC needs. A 2018 Castaldi report estimates renovation costs of \$21.9M Land and buildings represent significant market value.

4

RECOMMENDATIONS

4 RECOMMENDATIONS

01

Divest of/Sell all **Tier 1 properties** - Coliseum Parking Lot (next to Epi), HEC Annex, Bay Pines, Vet Tech. Explore sale/ground lease of SPG Wellness with attention toward affordable/market rate housing.

02

Relocate **HEC** programs and sell property (see next slides for relocation recommendations)

03

Move **AllState**'s programs in main building (keep gun range and driving range). Pursue sale/ground lease opportunity

04

Implement Best Practices in classroom scheduling, including the use of new centralized scheduling software

05

Proceed with decommissioning older (65+ year old) buildings on campuses

4 RECOMMENDATIONS

	HEC Campus
Site Recommendation	<ul style="list-style-type: none">➤ Transfer all programs/services to other SPC campuses.➤ Sell land/assets.
Long-term Outcomes	<ul style="list-style-type: none">• Reduces SPC's real estate footprint + increases SPC's utilization rates• Creates maximum opportunity for the private market to enhance site for community• Requires renovation of existing assets at other SPC campuses to appropriately house HEC programs• SPC can use proceeds for long-term reinvestment capital projects across SPC's Portfolio
Estimated Timeline	6 to 12 months from decision to sell

4 RECOMMENDATIONS

	HEC Campus	Allstate Campus
Site Recommendation	<ul style="list-style-type: none"> ➤ Transfer all programs/services to other SPC campuses. ➤ Sell or ground lease land/assets. 	<ul style="list-style-type: none"> ➤ Transfer all programs currently in main building to other SPC campuses, divide parcels to create flexibility, keep gun range and driving course. ➤ Determine exact value for SPC (sell vs. ground lease) before making final decision
Long-term Outcomes	<ul style="list-style-type: none"> • Reduces SPC’s real estate footprint + increases SPC’s utilization rates • Creates maximum opportunity for the private market to enhance site for community • Requires renovation of existing assets at other SPC campuses to appropriately house HEC programs • SPC can use proceeds for long-term reinvestment capital projects across SPC’s Portfolio 	<ul style="list-style-type: none"> • Creates opportunity for private market’s innovation/creativity to enhance site’s impact on local community • Could require, instead of cash, renovation of existing assets at other SPC campuses to appropriately house Allstate programs • Ground lease would provide SPC flexibility in use of proceeds • <u>There is value for SPC to consider a ground lease partnership;</u> Further exploration required to determine exact value for SPC (sell vs. ground lease)
Estimated Timeline	6 to 12 months from decision to sell	Potentially 2+ years (if ground lease)

4 RECOMMENDATIONS



	HEC Campus	Allstate Campus	St. Pete/Gibbs Wellness Center
Site Recommendation	<ul style="list-style-type: none"> ➤ Transfer all programs/services to other SPC campuses. ➤ Sell or ground lease land/assets. 	<ul style="list-style-type: none"> ➤ Transfer all programs currently in main building to other SPC campuses, divide parcels to create flexibility, keep gun range and driving course. ➤ Determine exact value for SPC (sell vs. ground lease) before making final decision 	<ul style="list-style-type: none"> ➤ Remove any remaining programming in facility. ➤ Explore sale or ground lease opportunities – potentially housing focused
Long-term Outcomes	<ul style="list-style-type: none"> • Reduces SPC’s real estate footprint + increases SPC’s utilization rates • Creates maximum opportunity for the private market to enhance site for community • Requires renovation of existing assets at other SPC campuses to appropriately house HEC programs • SPC can use proceeds for long-term reinvestment capital projects across SPC’s Portfolio 	<ul style="list-style-type: none"> • Creates opportunity for private market’s innovation/creativity to enhance site’s impact on local community • Requires renovation of existing assets at other SPC campuses to appropriately house Allstate programs • Ground lease would provide SPC flexibility in use of proceeds • <u>There is value for SPC to consider a ground lease partnership;</u> Further exploration required to determine exact value for SPC (sell vs. ground lease) 	<ul style="list-style-type: none"> • Creates opportunity for private market’s innovation/creativity to enhance site’s impact on local community • Sale vs Ground lease can be explored during an RFQ process to developers • Ground lease would provide SPC flexibility in use of proceeds • <u>Further exploration of ground lease opportunity should occur to understand partnership value vs. selling value</u>
Estimated Timeline	6 to 12 months from decision to sell	Potentially 2+ years (if ground lease)	Potentially 2+ years (if ground lease)

4 RECOMMENDATIONS



	BUILDING/SITE	VALUE ESTIMATE	ANNUAL OPEX SAVINGS (@\$7.68)	CASTALDI REPORT RENOV. ESTIMATE	VALUE TO SPC	Annual Ground Lease Income (@6%)
Tier One Properties	St. Pete Gibbs Wellness Center	\$3.15 - \$4.4 M	\$159,222	NA	\$3.3 - \$4.5 M	\$190K - \$260K
	Coliseum Parking Lot	\$850,000 - \$1,000,000	NA	NA	\$.85 - \$1 M	\$50K - \$60K
	Health Education Center (Annex)	\$4.5 - \$4.8 M	\$385,060	\$12.1 M	\$17 - \$17.3 M	\$270K - \$290K
	Bay Pines	TBD, subject to easement	\$96,529	NA	\$96,529	NA
	Vet Tech	\$4.2M, subject to reversion clause	\$249,707	NA	\$4.4 M	NA
	Subtotal	\$12.7 - \$14.4 M	\$890,518	\$12.1 M	\$25.7 - \$27.3 M	\$510K - \$610K
Strategic Projects	Allstate Center	\$17.4 - \$18.3 M	\$1,311,168	NA	\$18.7 - \$19.6 M	\$1.0M - \$2.0M
	Health Education Center (HEC)	\$8.5 - \$10.0 M	\$1,690,690	\$21.9 M (2018)	\$10.2 - \$11.7 M	\$500K - \$600K
	Epi Center (excluding Annex)	\$14.0 - \$16.5 M ¹⁾ (including County share) ₂₎ \$8.7 - \$10.2 M (Net of County Share-38%)	\$669,952 (SPC portion only)	NA	\$9.4 - \$10.9 (SPC portion only)	NA
	Epi Center JWB	NA	188,813	NA	188,813	
	Subtotal	\$34.6 - \$38.5 M	\$3.8 M	\$21.9 M	\$38.5 - \$42.4 M	\$1.5M - \$2.6M
Grand Total	\$47.3 M - \$52.9	\$4.7 M	\$34 M	\$64.2 M - \$69.7 M	\$2.0 - \$3.2M	

4 RECOMMENDATIONS



Outcomes of Recommended Plan:

ACTION	IMPACT ON CLASSROOM UTILIZATION	ANNUAL OPERATING EXPENSE SAVINGS	Value Achieved by SPC
I. Divest of AllState, HEC, Vet Tech, Bay Pines, SPG Wellness, EpiTech (EpiCenter & JWB), Coliseum Parking Lot,	Inc. to 34.6%	\$4.7 M	\$47 M - \$52 M
II. Decommission buildings 65+ years old at Clearwater and St Pete/Gibbs	Inc to 42.1%	\$1.2 M	N/A
III. Implement classroom scheduling best practices	Inc. to app 46%	N/A	N/A
END STATE	46% ±	\$5.9 M	\$47 M - \$52 M

* Value includes \$4.2M for VetTech and assumes reversion covenant is resolved.

- By following this plan, SPC can increase utilization to app. 46%, save \$5.9M in annual operating expenses, and earn \$47 M to \$52 M in sale and/or ground lease value
- Closures of additional selected #3/#4 ranked buildings can improve classroom utilization to 50%+
- Cost of demolishing a building is approximately \$6.00/SF - \$8.00/SF, so a total of \$940K - \$1,250,000. Cost of “mothballing” approximately \$.50/SF per year, approximately \$80K.

4 RECOMMENDATIONS

Benefits to SPC Mission:

01

Optimizing the utilization rates across SPC's portfolio will allow the College to emphasize specific current and future programs and learning environments to prepare students with skills for local and national industries.



**Curriculum +
Developmental
Outcomes**

02

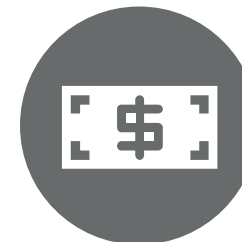
Consolidation of assets and campuses/centers will provide SPC the opportunity to provide a comprehensive, cohesive SPC experience across the College's entire portfolio.



**Target Market +
Accessibility**

03

Consolidation will also provide SPC the opportunity to maximize educational and operational efficiencies with a target of reducing long-term operating costs – real estate management is not core to who SPC is.



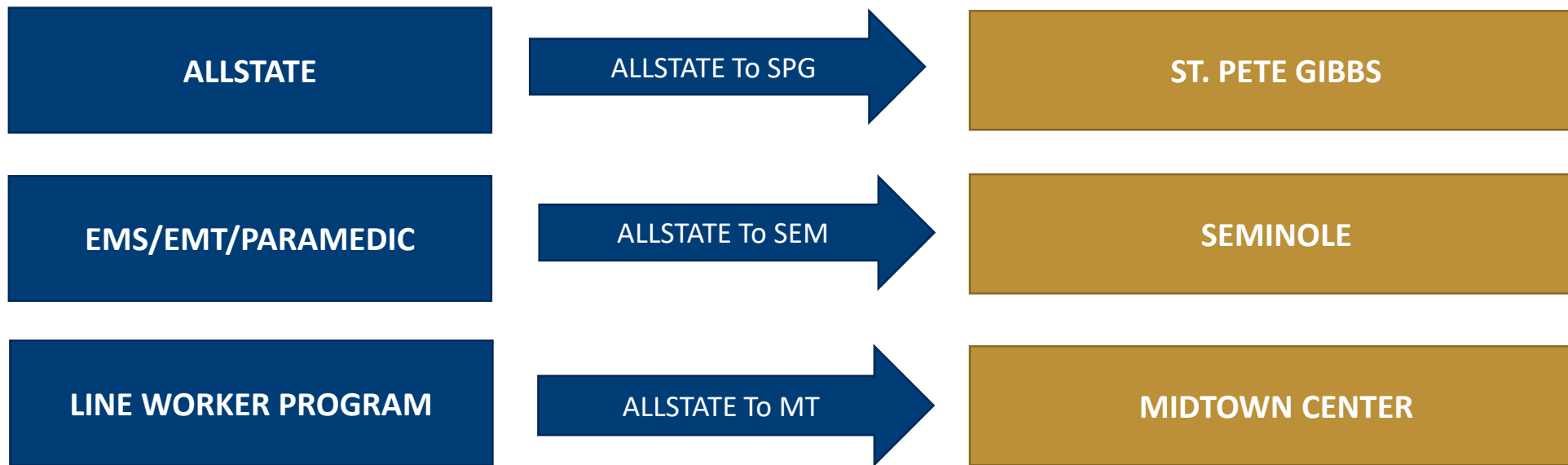
**Financial
Performance**

04

Selling and divesting of recommended assets will provide SPC additional capital funding to reinvest in remaining assets without taking on additional debt or requesting additional funds from the State.

4 RECOMMENDATIONS: ALLSTATE CENTER

Vacate Allstate Main Building, Relocate Programs to St. Petersburg Gibbs, Seminole, and Midtown Campuses, keep Firing and Driving range parcels.

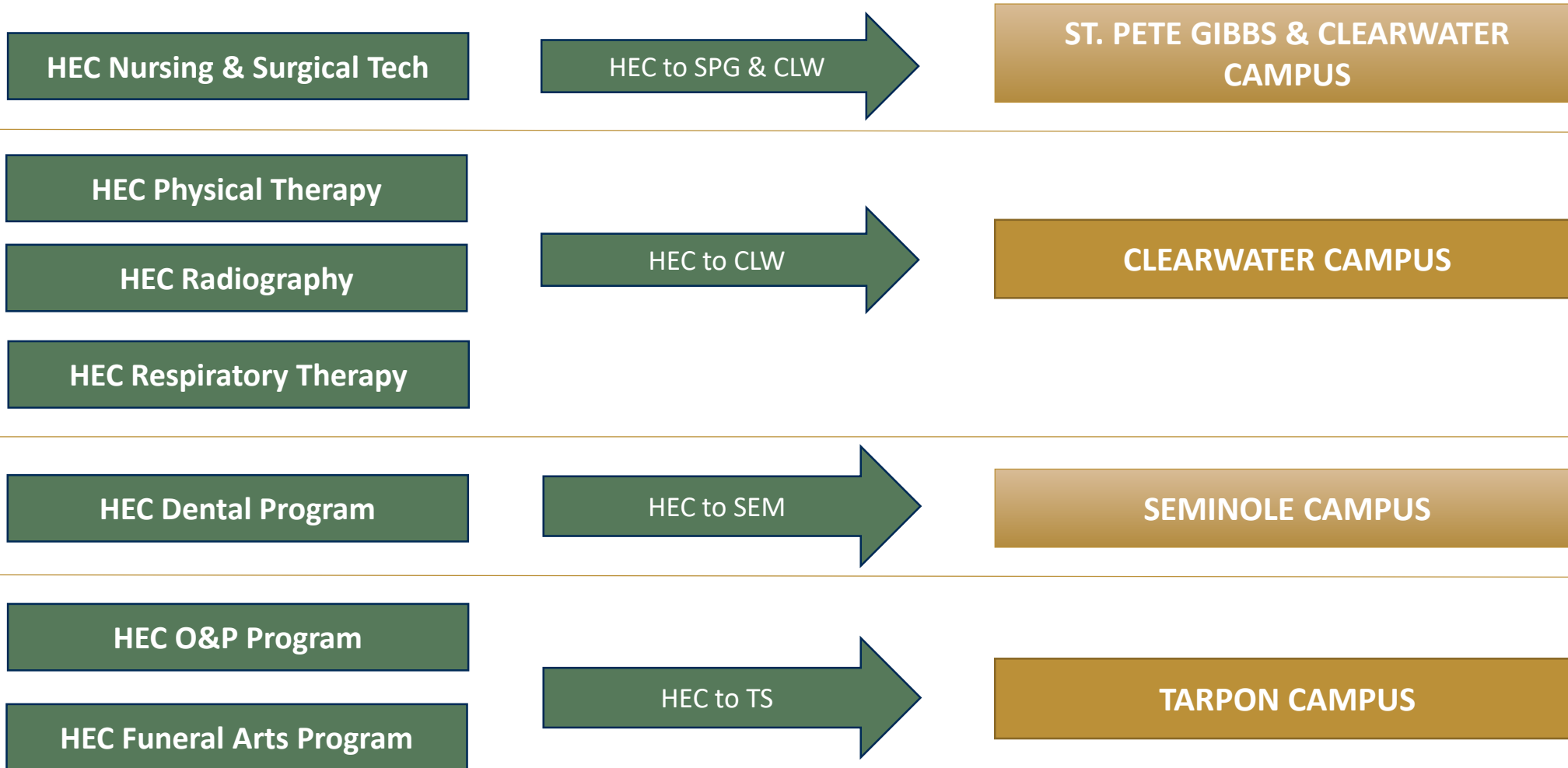


Ongoing Activity:

- Explore potential future partnership with existing indoor firing range facility.
- Search for alternative driving range locations, working with state and local government.

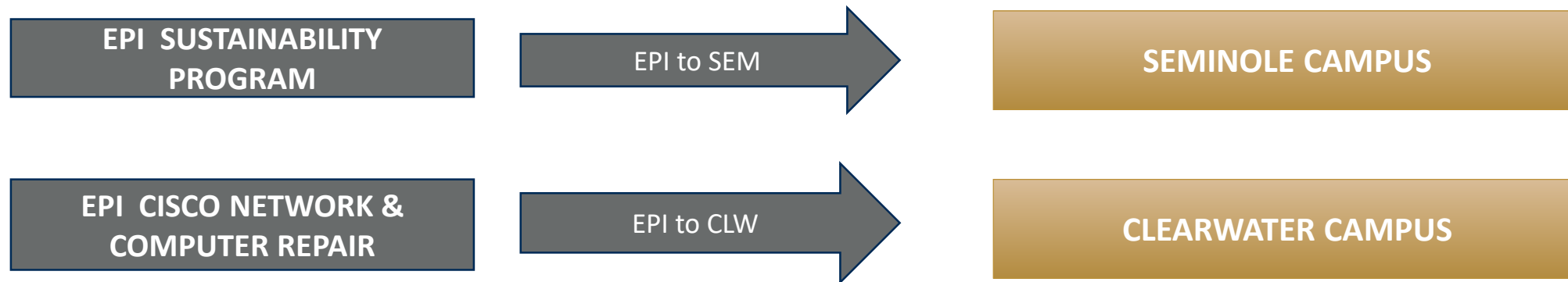
4 RECOMMENDATIONS: HEC CENTER

Relocate HEC Programs Across Multiple Campuses; Locate Nursing in Central & South County



4 RECOMMENDATIONS: EPI CENTER, BAY PINES, VET TECH PROGRAMS

1: Relocate EPI Programs Across Seminole and Clearwater Campus



2: Relocate Bay Pines to St. Petersburg Gibbs Campus



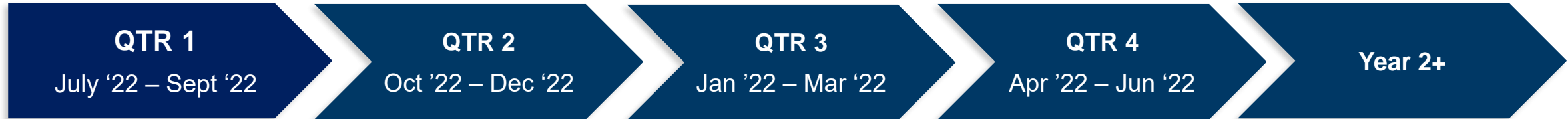
3: Relocate Vet Tech to Seminole Campus



5

NEXT STEPS

Recommended Next Steps and Staging:



Commencement Timeframe

- ❖ Sell/ground lease recommended Tier 1 assets. Address Vet Tech, Bay Pines easements and covenants
 - ❖ Source a Space Planner and Architect to develop design plans for program moves. College to determine future workforce space needs due to consolidation of programs.
 - ❖ College to invest in centralized classroom scheduling software, space planning software, and facilities needs assessment.
 - ❖ Evaluate Partner Leases to ensure fair market price is applied to dedicated space.
 - ❖ Begin Strategic Projects (Allstate and HEC) to sell/ground lease, terms would allow ample time for SPC to relocate programs
 - ❖ SPC to create asset management and decommissioning plan for older buildings
- ❖ Begin Implementation of asset management/building decommissioning plan



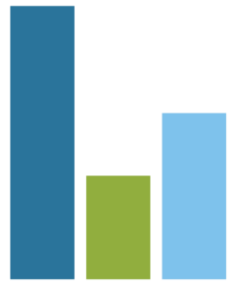
SPC St. Petersburg College

CUSHMAN & WAKEFIELD Board of Trustees Meeting

May 17, 2022

- Presented by
- Cushman & Wakefield





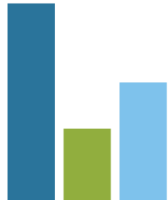
St. Petersburg College Board of Trustees Budget Workshop

Dr. Hector Lora - AVP, Budgeting

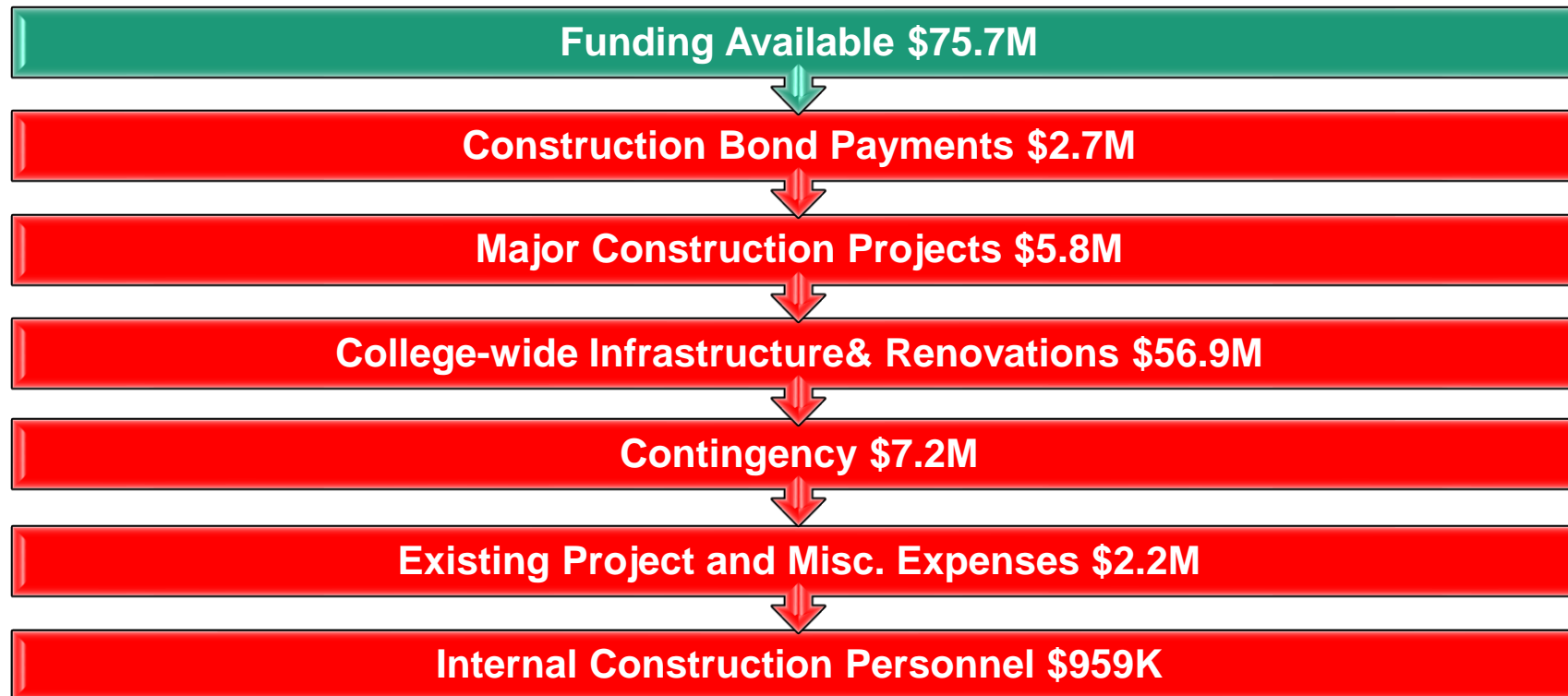
May 17, 2022

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Workshop discussion.





FY 2022-23 Fund/ Capital Outlay Fund



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Functional Expenditures

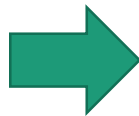
Accounting Manual for Florida's College System

The Organizational units of each fund are grouped together according to the function they perform.

Current Expense

GL 60000

Materials and Supplies \$ 3,889,122

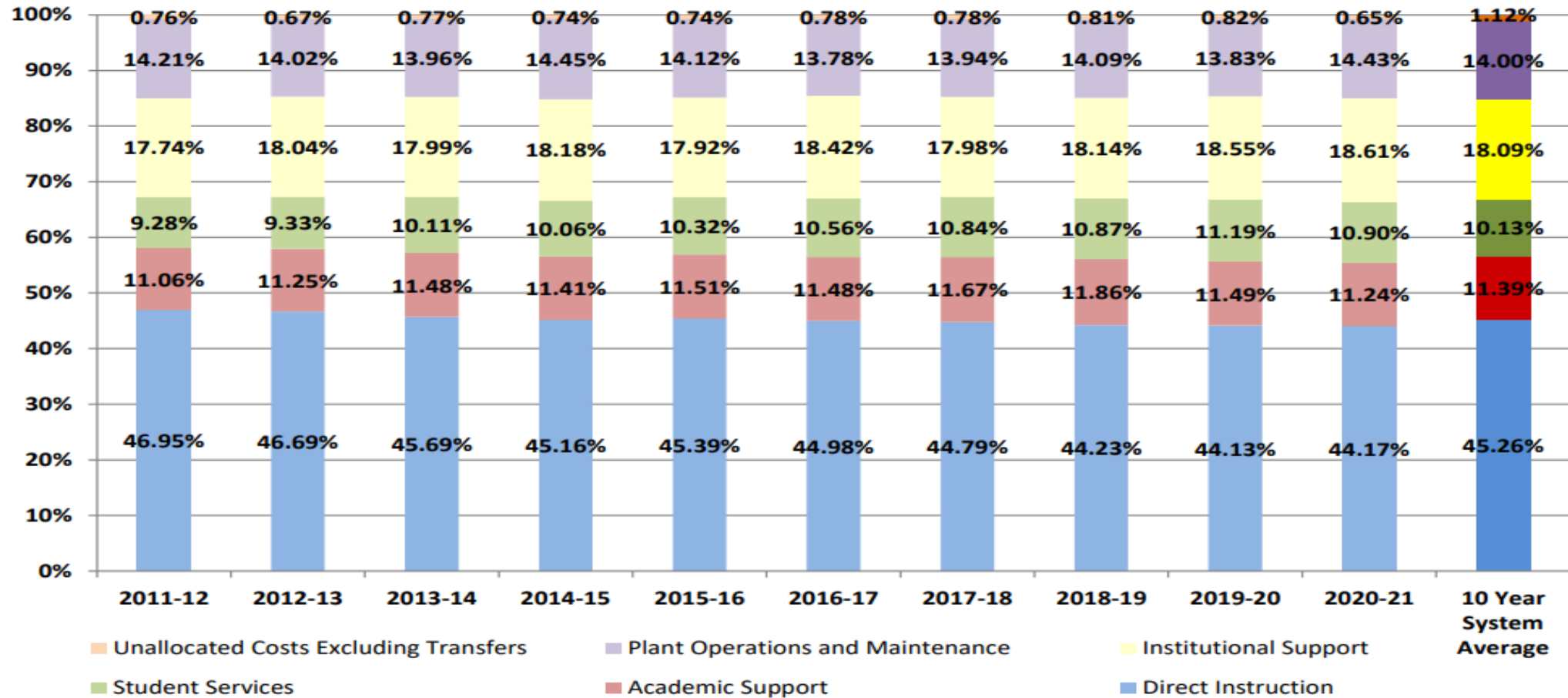


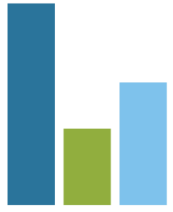
	CODE	FUNCTION
	1	Direct Instruction
Total	2	Research
Instructional	3	Public Service
	4	Academic Support
	5	Student Support
	6	Institutional Support
Total	7	Physical Plant Operation and Maintenance
Administrative	8	Student Financial Assistance
	9	Contingency, Transfers, etc.

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Cost Analysis Expenditure by Function

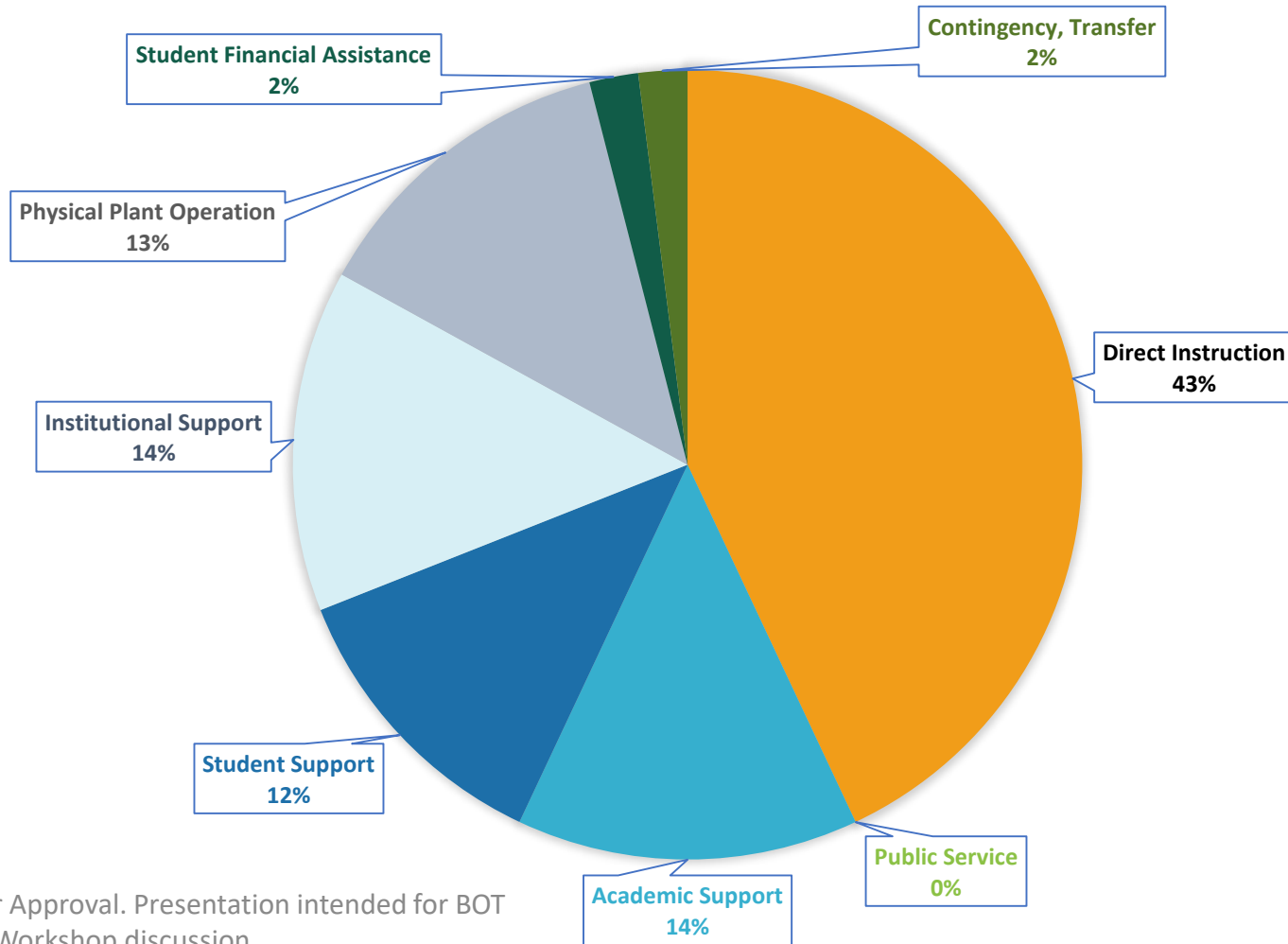
FLORIDA COLLEGE SYSTEM
ANNUAL COST ANALYSIS % EXPENDITURES BY FUNCTION





Functional Expenditures FY 2021-22

FUNCTIONAL EXPENDITURES AS OF 4/29/2022



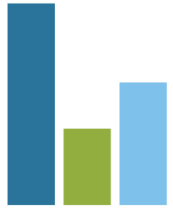
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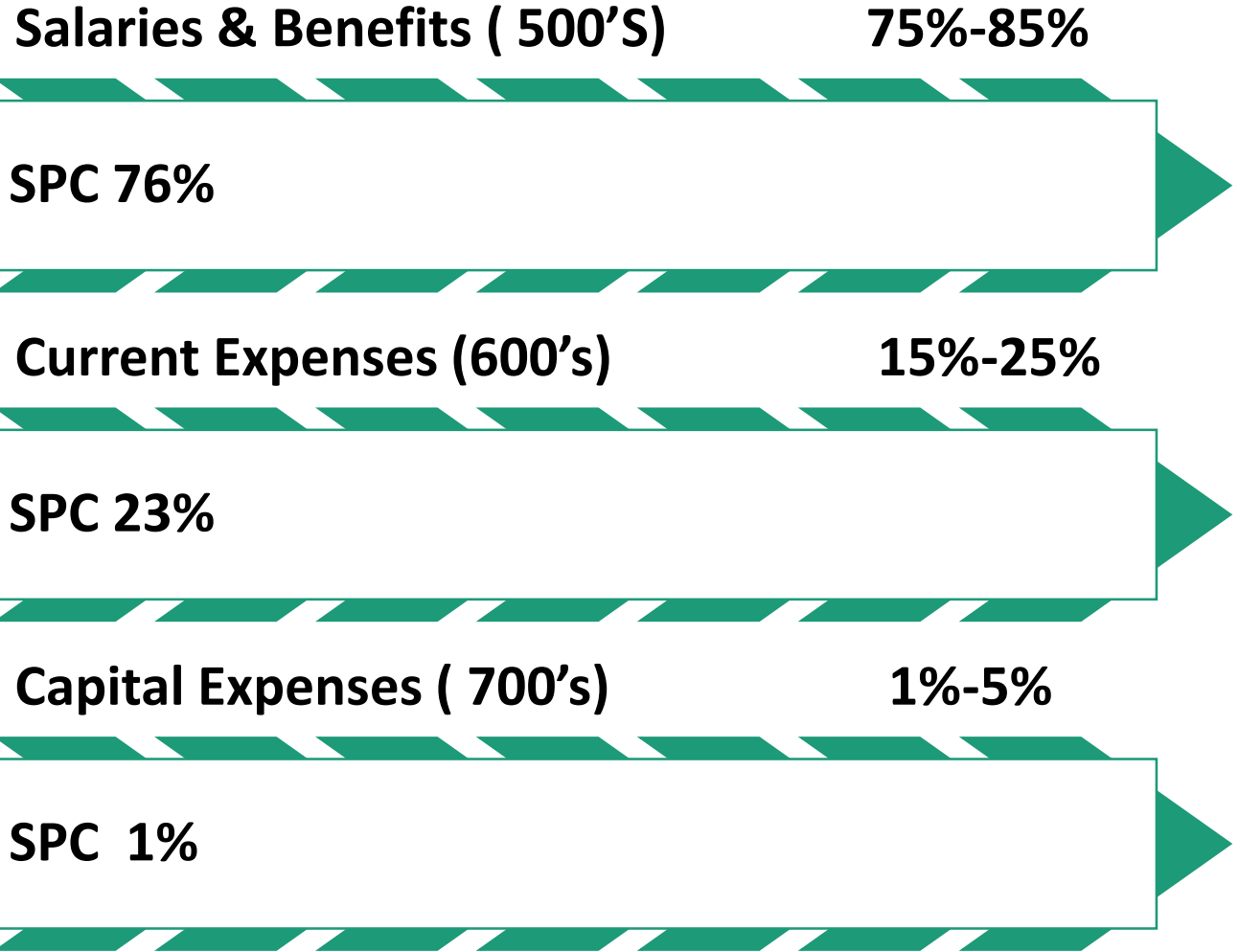
Functional Expenditures/ FCS Benchmark

	FCS Average	FCS 2020-21	SPC FY 2021-22	SPC FY 2022-23
Direct Instruction	45%	44%	46%	47%
Academic Support	11%	11%	14%	15%
Student Support	10%	11%	12%	13%
Institutional Support	18%	19%	14%	14%
Plant Operations	14%	14%	13%	11%

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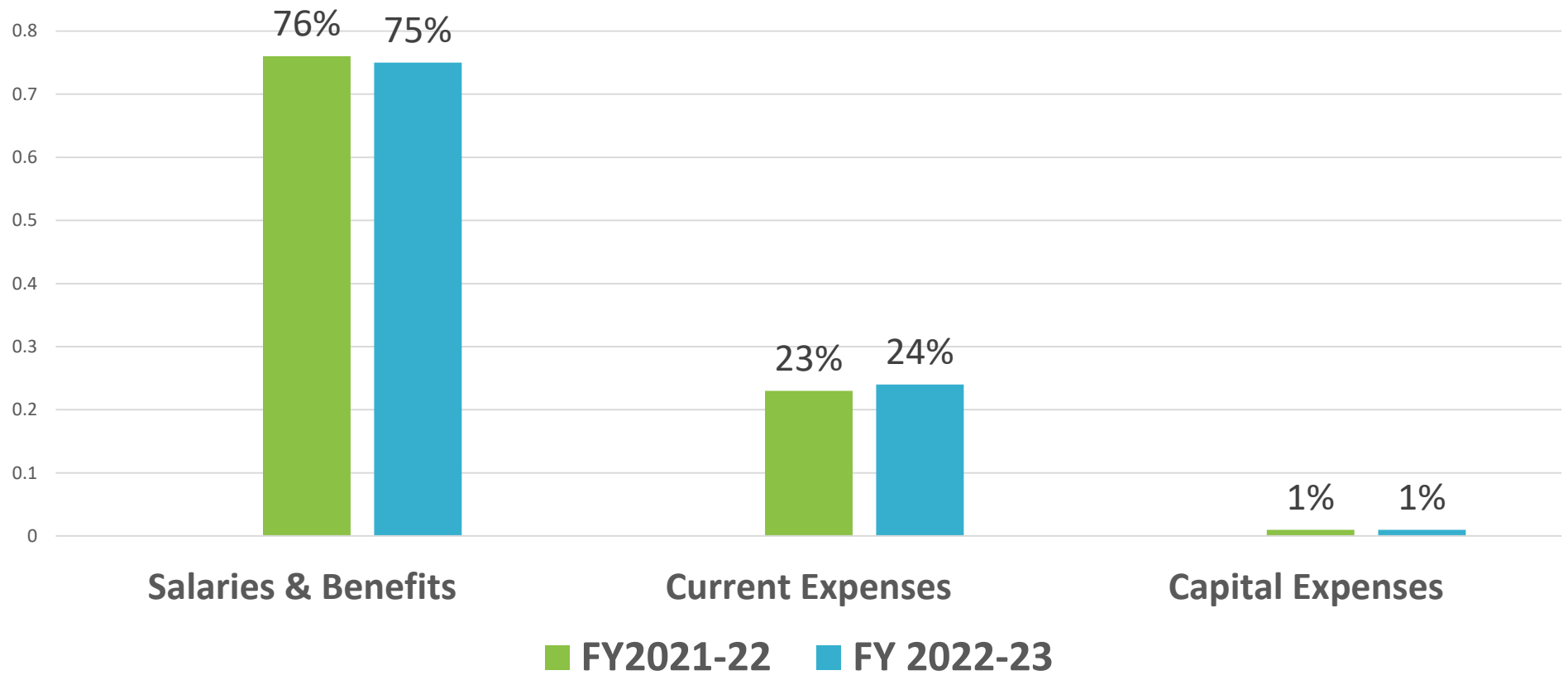
Analysis- Benchmark Categories





Analysis- Benchmark Categories

Natural Classifications



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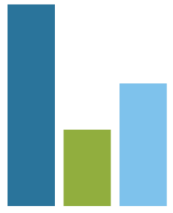
Carry Forward Spending Plan



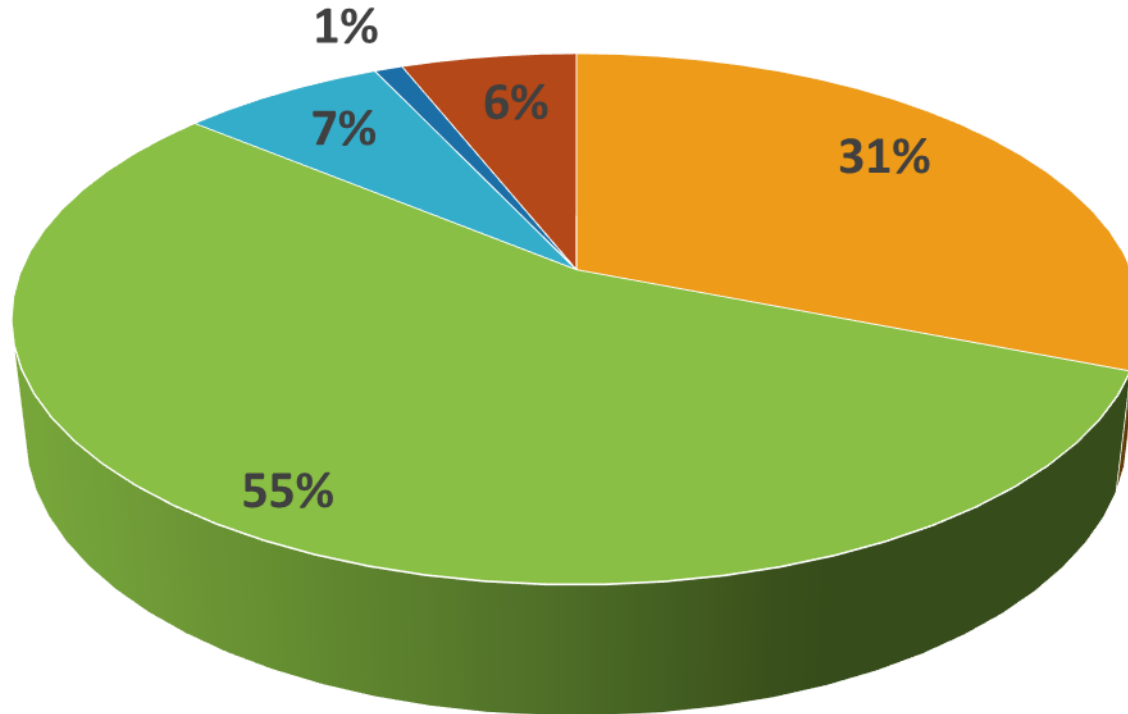
- September 14, 2021 Board approved \$20.8M Spending Plan
- FY21/22 transfer \$6M to payoff Allstate chiller & fund TS Workforce Expansion project
- FY22/23 proposed budget includes \$4.7M

(1013.841, F.S.)

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Revenue FY 2022-23



- Student Tuition & Fees
- State Funding
- Other Revenues
- Fund Transfers In
- Transfer in (1013.841, F.S)

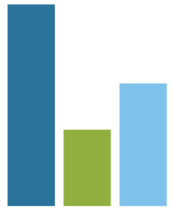
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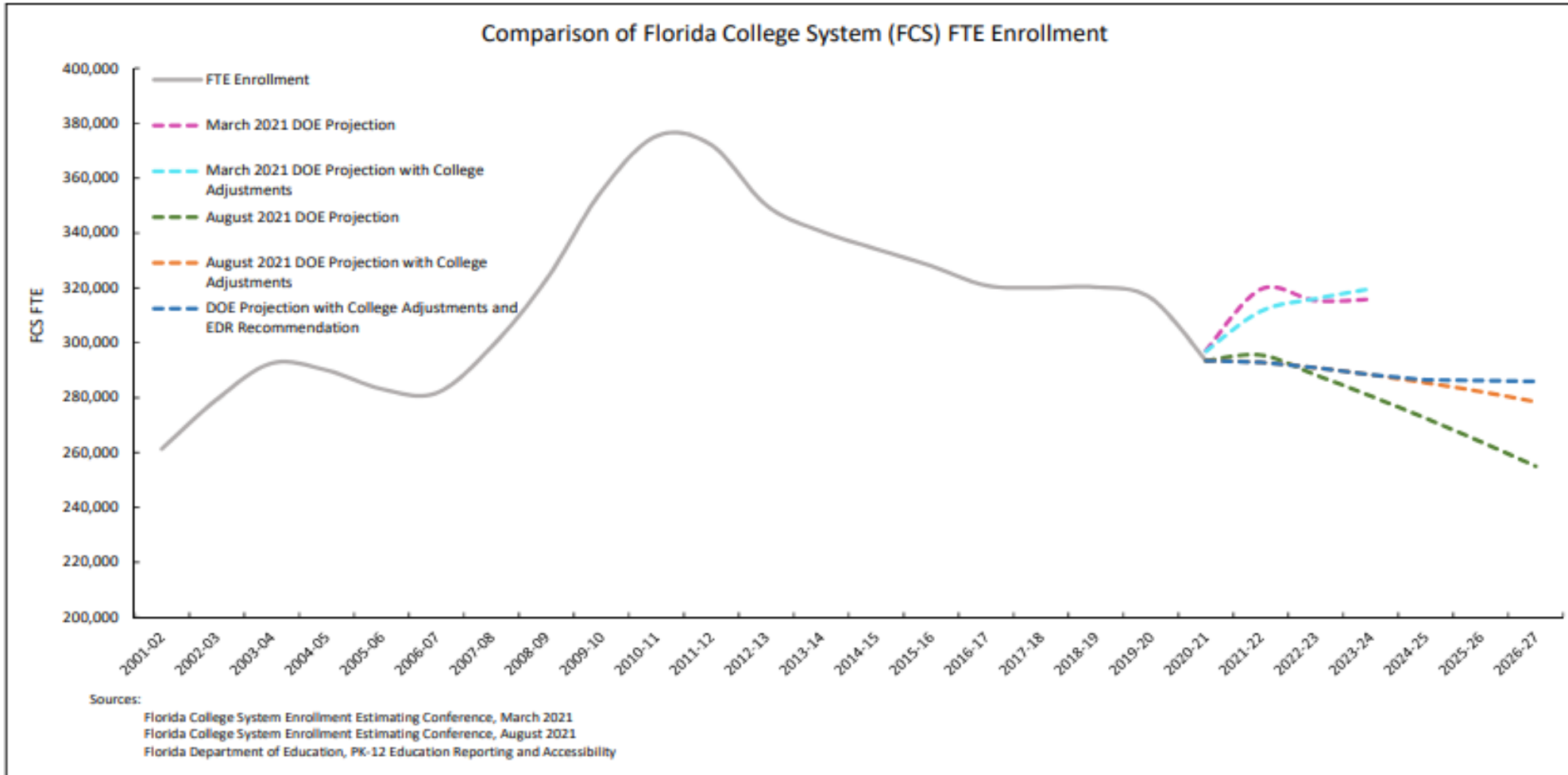
Revenue FY 2022-23

Operating Budget	Budget FY 2021-22	Budget FY 2022-23	% of Change
Revenue		Proposed	
Student Tuition & Fees	\$ 57,751,790	\$ 51,981,580	-10%
State Funding	\$ 79,949,374	\$ 91,118,156	14%
Other Revenues	\$ 6,658,195	\$ 13,248,570	99%
Fund Transfers In	\$ 1,350,000	\$ 1,500,000	11%
Transfer in (1013.841, F.S.)	\$ -	\$ 8,349,748	100%
Total Revenue	\$ 145,709,359	\$ 166,198,054	14%
*Transfer in (1013.841, F.S.) Includes PO rollover			

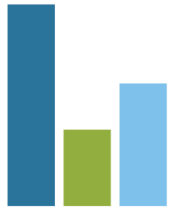
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Revenue FY 2022-23 Tuition and Fees



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Revenue FY 2022-23 State Funding

Fund Type	FY20/21 Budget	FY21/22 Budget Base	FY 22-23 Senate	FY 22-23 House	Budget Conference	Final Approval
State Appr - Florida College System	\$ 62,444,891	\$ 66,032,070	\$ 62,883,063	\$ 78,582,483	\$ 86,360,092	
State Appr - Lottery	\$ 10,481,424	\$ 12,104,813	\$ 14,743,820			
Performance Funding	\$ 2,490,328	\$ 1,112,491	\$ 1,329,568	\$ 1,329,568	\$ 1,599,416	
New Nursing Funding				\$ 2,458,648	\$ 2,458,648	
Industry Certifications	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	
Total	\$ 76,116,643	\$ 79,949,374	\$ 79,656,451	\$ 83,070,699	\$ 91,118,156	

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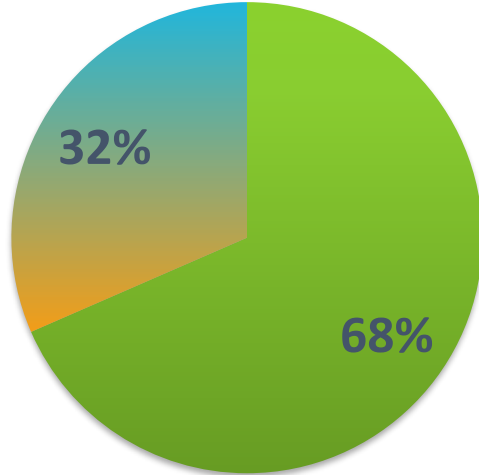
Revenue FY 2022-23

- Other Revenues Includes \$6.5 M from Loss of Revenue.
- Transfer in (1013.841.F.S) Includes Spending plan, Purchase Orders Rollover, and transfer.



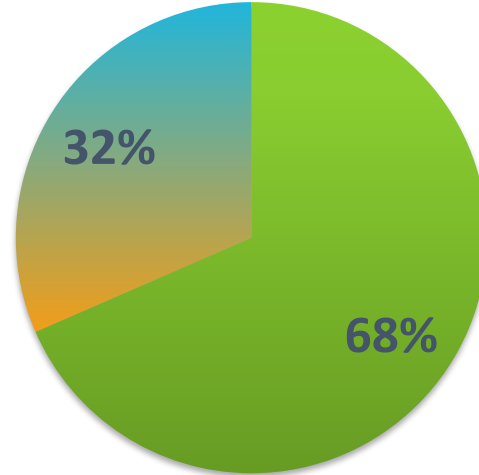
Expenses FY 2022-23

FY 2021-22



- Instructional Functions
- Administrative Functions

FY 2022-23



- Instructional Functions
- Administrative Functions

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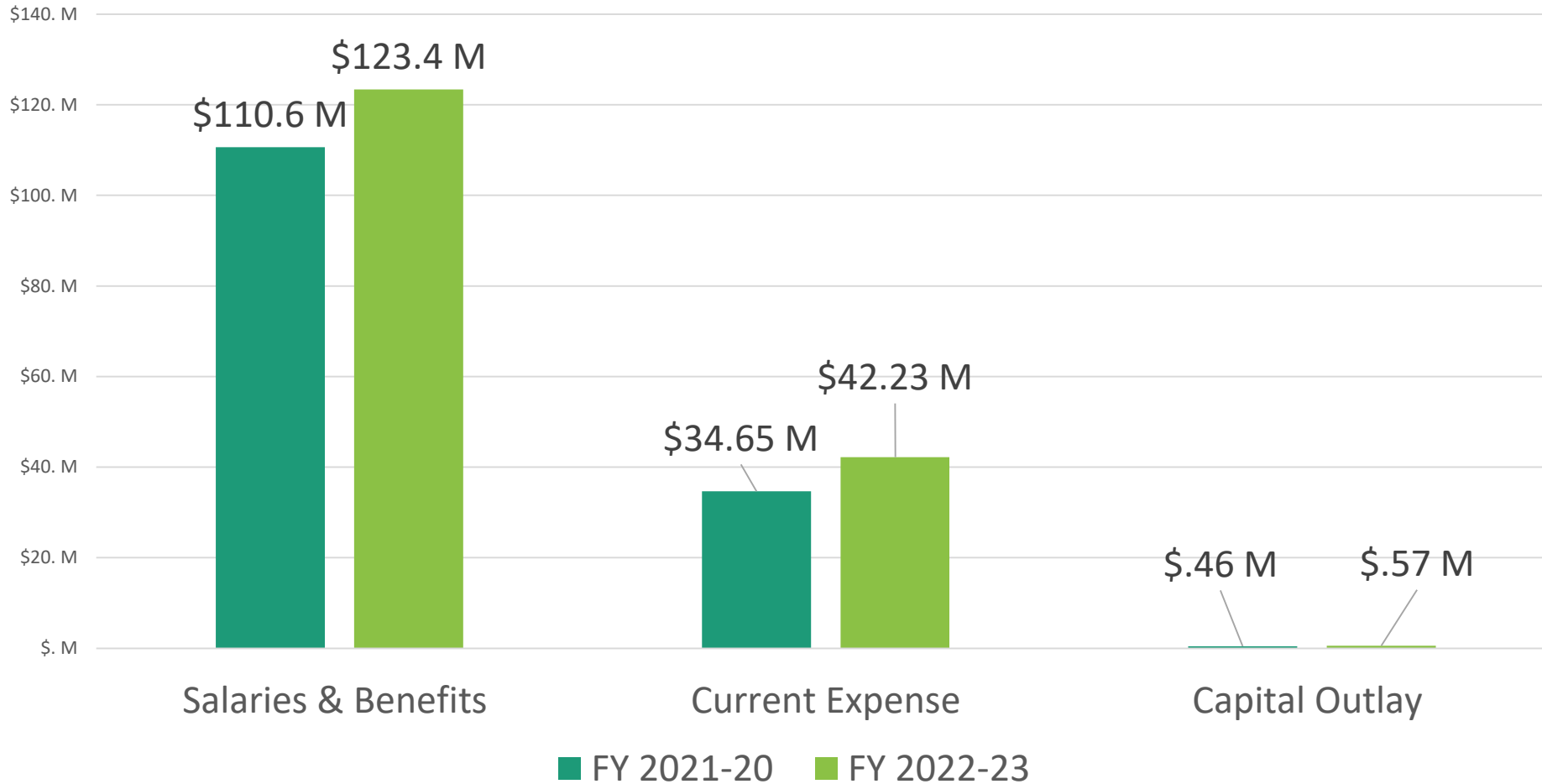
Expenses FY 2022-23

Operating Budget	Budget FY 2021-22	Budget FY 2022-23	% of Change
Expenses			
Instruction	\$ 56,541,073	\$ 64,681,390	14%
Public Services	\$ 995	\$ 995	0%
Academic Support	\$ 21,246,259	\$ 26,309,197	24%
Student Support	\$ 21,235,525	\$ 22,500,628	6%
Total Instructional	\$ 99,023,852	\$ 113,492,211	15%
Institutional Support	\$ 21,108,914	\$ 25,718,849	22%
Physical plant Operation and Maintenance	\$ 17,341,561	\$ 18,378,927	6%
Student Financial Assistance	\$ 6,479,219	\$ 2,372,798	-63%
Contingency, Transfer, Etc.	\$ 1,755,813	\$ 6,235,269	255%
Total Administrative	\$ 46,685,507	\$ 52,705,843	13%
Total Operating Expenses	\$ 145,709,359	\$ 166,198,054	14%
Balance	\$ -	\$ -	
*FY2022-23 excludes Net Pension adjustments.			

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Workshop discussion.



College Wide Expenses FY 2022-23



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College Wide Expenses FY 2022-23



Salaries and Benefits

- **Compensation Study increase of ~\$10M**
- **FRS increase of 1% ~ \$826K**
- **Health Insurance increase 3% ~\$450K**



College Wide Expenses FY 2022-23



Current Expenses

- Spending plan \$ 4.7 M
- P.O. Rollover \$2 M

Questions?

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Workshop discussion.